

# Overview of funding sources

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Many organisations become heavily dependent on one funder, even though there are several different sources of funding available for the voluntary and community sector. Whilst any type of funding is great in the short-term, if you become over-reliant on one funder over a longer period and the funding is suddenly cut, your services will be at risk as you become unable to deliver.

By diversifying your income and having a good funding mix, organisations are likely to become more sustainable in the future. Funders also like to know where your funding comes from and that you have a good funding mix.

## Main sources of funding

The main sources of funding that you might want to consider are:

- 1. The National Lottery** – Lottery money is awarded to community groups and projects that improve health, education and the environment. There are four main distributors of Lottery money (including the Big Lottery Fund, Heritage Lottery Fund, the Arts Council and Sport England). Each has a clear application process and set of criteria that have to be met and they have their own programmes for very small to much larger amounts of money.
- 2. Statutory or public sector** – this might include funding from your local council, the health authority or an education department. Public sector agencies offer one-off grants for a local project or contracts to deliver a public service on their behalf. The process of applying for a contract is called the tendering or commissioning process.
- 3. Charitable trusts or foundations** – set up by companies or individuals as a way of giving money to certain causes. Some trusts and foundations target specific causes and areas and the amount of funding can range from hundreds to thousands of pounds. Applications to trusts are often as simple as a two-page letter or basic application, although more details may be requested if you are applying for larger pots of funding.
- 4. European funding** – generally for projects involving regeneration, training and employment. Groups usually access grants through a larger local agency, such as a local authority or Skills Funding Agency. European grants can be large but require time and effort due to the large amount of paperwork involved in applying for, monitoring and reporting on your project. The money can take a long time to arrive and you often need to find match funding (grants will only cover part of your project costs).
- 5. Support from businesses** – businesses offer an alternative source of funding or support that is often less bureaucratic and more straightforward in terms of decision-making. They can offer a donation, sponsorship, pay-

# Factsheet

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roll giving or pro bono support for instance. There is often no application process and if you get the relationship right it could be very beneficial to both parties.

6. **Community fundraising and donations** – activities in your local neighbourhood or to raise your own funds or funds for other good causes. Community fundraising might include street parties or sponsored walks, film nights or fashion shows, bingo nights or sporting events. You might collect donations this way or have a small charge to go towards your cause; either way it is a good way to raise money and connections in your local area, without a whole lot of restrictions on how to spend it.
7. **Trading** – generating your own income through the selling of goods and services. More and more groups are beginning to trade and again it has the added flexibility of how you spend the money, though you will need to check you are complying with all the legal regulations.
8. **Loans** – loans are sometimes used by voluntary organisations to help them ‘top up’ the amount of funding needed, particularly for large projects. For instance, to help purchase a building, provide new equipment, or start a social enterprise. Loans are also used when there is a shortfall in cash flow created by gaps between grant or contract payments. Loans must be paid back and usually with interest.

## Key Words

**Pro bono** – businesses or professionals with specialist skills offering their time free of charge to good causes

## Further links:

- **Charities Aid Foundation** – a registered charity that works to create greater value for charities and social enterprise: [www.cafonline.org](http://www.cafonline.org)
- **Greater Manchester Funding Portal** – access to a free online funding database: [www.gmfunding.net](http://www.gmfunding.net)
- **For more information on Government funding:** [www.governmentfunding.org.uk](http://www.governmentfunding.org.uk)

For any further information, guidance and support, please contact Bolton CVS on: 01204 546010 or e-mail: [admin@boltoncvs.org.uk](mailto:admin@boltoncvs.org.uk)



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